

METHOD FOR NEW PRODUCT DEVELOPMENT

AND MARKET INTRODUCTION

Cross-Reference to Related Applications

5           This application is a continuation-in-part of application Serial No. 09/413,135, filed October 6, 1999, now pending.

Background of the Invention

10           This invention relates to a unique method for selecting and developing new products for introduction into the marketplace.

Each year individuals and small businesses conceive of thousands of ideas or concepts for new products. Few of these new product ideas, however, are ever developed and brought into the marketplace. Consequently, few inventors ever realize any financial gain as a result of their inventions. There are a variety of reasons why so few new product ideas progress to ultimate market introduction. A significant barrier is the financial expense relative to new product development which includes evaluation of marketability, patentability, and technical feasibility. Additional expense is incurred relative to product design, proprietary protection of the intellectual property encompassing the product, prototype development, etc.

25 Further, few inventors pursue development of their new product ideas because completion of the above mentioned steps does not

guarantee success in the marketplace. Only the "best" new products are ultimately successful.

Therefore, it is desirable to have a method for new product development which increases the expectation of financial return and decreases the cost of product development to individual inventors. Further, it is desirable to have a method for new product development which provides financial return to all inventor participants even if only a single new product idea progresses to market introduction.

#### Summary of the Invention

It is therefore a general object of this invention to provide a method for developing new products for introduction into the marketplace.

Another object of this invention is to provide a method, as aforesaid, for accumulating new product ideas in a pool.

Still another object of this invention is to provide a method, as aforesaid, for selecting a new product idea from the pool for further development and market introduction.

Yet another object of this invention is to provide a method, as aforesaid, for developing a selected new product idea through concept design engineering.

A further object of this invention is to provide a method, as aforesaid, for acquiring a degree of proprietary

protection for the intellectual property which encompasses a selected new product idea.

A still further object of this invention is to provide a method, as aforesaid, for licensing the right to make, use,  
5 sell, and/or distribute a selected new product to a manufacturer.

A particular object of this invention is to provide a method, as aforesaid, for distributing royalty revenue generated from the licensing of the selected new product to the  
10 registrant of the selected idea, the registrants of non-selected ideas, and the pool manager.

Other objects and advantages of this invention will become apparent from the following description taken in connection with the accompanying drawings, wherein is set forth  
15 by way of illustration and example, an embodiment of this invention.

These objects are accomplished according to a method in which one or more pools or funds are established into which ideas, concepts, or partially developed products are registered  
20 by individual or small business registrants. Each pool receives new product ideas related to a particular technology area or patent classification. When a predetermined number of new product registrations have been received within a pool, the marketability, patentability, and technical feasibility are  
25 evaluated by a pool manager and at least one idea is selected, based on the evaluation, for product development and market

introduction. Alternatively, the selection of an idea for development may be made by designing a market survey for each idea within a pool according to a multi-variant analysis methodology and then submitting the survey to each pool  
5 registrant for response. The results of these responses can be statistically analyzed by the pool manager for selecting the idea to be developed. Product development is funded by new idea registration fees.

The selected registration is developed through design  
10 engineering so as to optimally fulfill its utility function and market niche. When the selected registration has been fully developed into a viable new product, the intellectual property encompassing the invention may be legally protected by filing and prosecuting one or more United States or foreign patent  
15 applications.

Upon issuance of a patent relative to the selected registration, the right to make, use, sell, and/or distribute the product encompassed by the patent is licensed to a manufacturer for ultimate market introduction. The pool  
20 manager undertakes efforts to identify and market the new product to potential licensees. The rights granted by the license are given to a manufacturer in exchange for royalties on sales of the new product during the term of the patent. A portion of the royalties generated through product sales is  
25 distributed first to the owner of the patent covering the selected new product registration. A second portion of the

royalties that is smaller than the first portion is equally distributed to the pool registrants whose new product ideas were not selected for further development and market introduction. A third portion of the royalties that is smaller than the first portion is distributed to the manager of the pool. Thus, while the party who initially registered the new product idea receives the largest portion of eventual royalty revenues, each registrant in the pool receives a portion as well over the term of the patent. All of these royalty distribution may be accomplished according to individual license agreements between individual registrants and a respective pool.

#### Brief Description of the Drawings

Fig. 1 is a block diagram showing a plurality of distinct pools into which new product ideas are registered according to one embodiment of the invention;

Fig. 2 is a block diagram illustrating the development and market introduction of a new product idea selected from a pool; and

Fig. 3 is a block diagram illustrating the step of selecting a new product idea for further development according to another embodiment of the invention.

### Description of the Preferred Embodiment

Turning more particularly to the drawings, Fig. 1 shows the establishment of a plurality of pools 10, 20, 30 each pool being associated with a distinct subject matter, such as a general technology type or patent classification. Each pool 10, 20, 30 is a repository for new product ideas, concepts, or partially developed products which are related to the subject matter of the pool. As used herein, the term "product" includes any useful process, machine, manufacture, or composition of matter, and any useful improvement thereof. Individuals or small business registrants 16, 26, 36 having a new product idea may register the idea with the appropriate pool. New product ideas are preferably submitted electronically using a computer data processing system accessible through a wide area computer network, although ideas may also be submitted through traditional modes of communication such as mail or facsimile. Each registration includes at least a written description of the idea, concept, or partially developed product. Each pool 10, 20, 30 is managed by a pool manager 40 (Fig. 2) who will accept only legitimate new product ideas that are relevant to the subject matter of the pool.

Registration of new product ideas within each pool 10, 20, 30 is governed by a set of parameters that are predetermined by the pool manager 40. Pool parameters include, but are not limited to, the minimum number of registrations 12,

22, 32 that must be received into the pool and the fees 14, 24, 34 charged to a registrant upon registration. Since the registration fees 14, 24, 34 will be used to fund later product development, as to be described below, a pool remains "open" until the minimum number of registrations are received. Further, the amount of the registration fee is variable based upon the particular subject matter of the pool and the corresponding estimated cost of product development. If a pool remains open longer than a predetermined amount of time, the pool manager may selectively terminate the pool and refund all registration fees, extend the period of time to receive the predetermined number of registrations, or merge the pool with another pool such that the predetermined number of registrations is satisfied.

When a pool has accepted the predetermined number of registrations and is therefore "closed", one registered new product idea is selected for further development and market introduction. This selection is denoted as  $R_y$  in Fig. 2. In selecting an idea for further development, all ideas in the pool are analyzed relative to marketability, patentability, and technical feasibility. These analytical factors serve to identify the new product idea that, upon further development, will produce the most successful new product to introduce into the marketplace.

Once an idea has been selected ( $R_y$ ) for further development, all registrants are notified of the selection.

This notification is general in nature as the details of the selected new product idea are confidential pending proprietary protection therefor. The registrant of the selected idea 50, however, is notified more specifically and is consulted by the pool manager 40 during the development process.

Using innovative design and engineering methods, the selected idea 50 is optimized to satisfy the specific utility function of the product while maintaining the marketability thereof, as denoted by reference number 60 in Fig. 2. With the invention fully defined, the next step in the development process is to acquire a degree of proprietary protection 70 for the intellectual property which encompasses the selected idea 50. Acquisition of proprietary protection 70 may entail the preparation, filing, and prosecution of at least one United States or foreign patent application relative to the selected idea 50. Trademarks relative to the selected idea 50 may also be acquired. The selected idea 50 is thus transformed from a mere product idea in a pool of many ideas, into a developed new product or product idea suitable for introduction into the marketplace with a degree of proprietary protection.

Once a satisfactory degree of proprietary protection is obtained, the selected idea 50 is licensed 80 to a manufacturer. The manufacturer will be granted the right to make, use, sell, and distribute the selected new product in a specified geographic territory. Accordingly, the selected product 50 will be introduced into the marketplace, as denoted



by reference number 90 in Fig. 2. The license will require the manufacturer (i.e. the licensee) to pay royalties, which may be in the form of a single lump sum payment or a series of payments over time, in exchange for the right to commercialize the selected product 50. A first portion 100 of the royalties (e.g. 50%) is distributed to the registrant of the selected idea 50. A second portion 110 of the royalties that is smaller than the first portion (e.g. 25%) is distributed equally amongst the remaining registrants 16 within the pool 10. A third portion 120 of the royalties that is also smaller than the first portion (e.g. 25%) is distributed to the pool manager 40 as a commission. Preferably, the distribution of royalties to registrants may be made pursuant to individual license agreements between registrants and the pool although other governing agreements may be used.

Another embodiment of the invention is substantially similar to the method described above except as specifically noted below. In this embodiment, the selection of a new product idea for further development, denoted as  $R_y$  in Fig. 2, is accomplished as shown in Fig. 3. First, a market survey 52 employing the methodology of multi-variant analysis is designed for each new product idea submitted to a pool 30. More particularly, each market survey 52 utilizes conjoint analysis, which is a type of multi-variant analysis utilizing statistical fractionalization, to define a quantitative utility value represented in statistical terms for selected attributes

associated with a respective new product idea, concept, or invention. A typical conjoint analysis may include five attributes measured at three different significant levels. For example, a new laptop computer configuration may be represented  
5 by the following conjoint analysis:

attribute a - price

level 1 \$1,000, level 2 = \$2,000, level 3 = \$3,000

attribute b - name

10 level 1 = Toshiba, level 2 = Gateway, level 3 = IBM

attribute c - peripheral ports

level 1 cd, level 2 cd/floppy drive, level 3 floppy drive

attribute d - colors

level 1 standard neutral, level 2 decorative, level 3 black

15 attribute e - RAM configuration

level 1 64 MB, level 2 128 MB, level 3 32 MB

A conjoint analysis market survey 52 for each new product submission within a pool 30 is transmitted  
20 electronically to each registrant 36 within that pool 30 and a response thereto is solicited (Fig.3). Of course, the surveys may be sent in hard copy form as well. In making a response to this solicited market research, registrants 36 rate and rank their preferences of the various combinations of  
25 attributes and levels presented, these determinations representing the likelihood of purchasing a product with those

respective attributes. When responses from the registrants 36  
are returned 54, they may be analyzed electronically according  
to respective statistical utility function values or by the  
pool manager such that the best new product idea is selected  
5 for further development 60.

Accordingly, it can be seen that the method according  
to the present invention provides for the selection and  
development of a new product having the greatest potential for  
market success relative to a pool of related new product ideas.

10 It is understood that while certain forms of this  
invention have been illustrated and described, it is not  
limited thereto except insofar as such limitations are included  
in the following claims and allowable functional equivalents  
thereof.